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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, January 15

NIKKEI (Page 2) (Full)
January 16, 2009

09:00

Met with Land, Infrastructure, Transport Minister Kaneko and Senior Vice Transport Minister Kano at The Prince Park Tower in Shiba-koen. Attended "meeting of ministers on environment, energy on transportation areas."

10:56

Met at Kantei with Finance Minister Nakagawa, Vice Finance Minister Sugimoto, Deputy Vice Minister Katsu, Budget Bureau Director General Tango and Tax Bureau Director General Kato.

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13:08

LDP Kagawa Prefectural Assembly Chairman Shirai, followed by European Commission Vice President Tayani.

14:15

Met participants in "Ship of World Youth."

15:03

Met national track drivers contest winner Ito and others. Met later with Hokkaido Gov. Takahashi, attended by former Chief Cabinet Secretary Machimura and Senior Vice Foreign Minister Hashimoto.

15:41

Met with Economic and Fiscal Policy Minister Yosano, Assistant Deputy Chief Cabinet Secretary Fukuda and Cabinet Office Director General Yamasaki.

16:29

Met with Chief Cabinet Secretary Kawamura, followed by Cabinet Intelligence Director Mitani.

18:51

Held summit with Ireland Prime Minister Cowen.

19:36

Hosted dinner party for Cowen.

21:13

Met with secretary at Japanese restaurant Yamazato at Okura Hotel.

22.19

Returned to his private residence in Kamiyama-cho.

4) Government, ruling bloc plan to send MSDF to Somalia possibly in March under maritime police action clause

YOMIURI (Page 1) (Excerpts)
January 16, 2009

The government and the ruling parties decided yesterday to dispatch Maritime Self-Defense Force destroyers to fight piracy in waters off Somalia, Africa, as early as March by invoking Article 82 on maritime police action of the Self-Defense Forces Law. Prime Minister Taro Aso is expected to make a final decision before the end of the month and Defense Minister Yasukazu Hamada is likely to issue an order to start preparations for the dispatch. Two destroyers are likely to participate in the mission. They will start escorting Japan-related vessels in waters off Somalia, including the Gulf of Aden, as early as the end of March.

The government has already started considering establishing a new law tentatively called the anti-piracy punishment law to enable the SDF to engage in anti-piracy missions in various parts of the world. But the government decided to use the existing law to dispatch MSDF vessels solely for the mission off Somalia in an effort to deal with

increasing piracy in the area.

The ruling coalition of the Liberal Democratic Party and New Komeito has been discussing measures in their anti-piracy project team, which was established on Jan. 9. Though the New Komeito was initially cautious about dispatching the MSDF by invoking the

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clause, it began showing understanding. The ruling coalition plans to come up with a joint opinion as early as next week seeing an official announcement of maritime police actions.

After receiving the defense minister's order to start preparations for the dispatch, the MSDF would spend about one month drawing up guidelines to deal with various situations, as well as conducting defense training and servicing its equipment. The cabinet would then approve maritime police mission, followed by the defense minister's order dispatching an MSDF unit for the anti-piracy mission. It is expected to take about 20 days for the MSDF vessels to reach waters off Somalia.

5) Aso in a hurry to send MSDF vessels against pirates; Defense Ministry, New Komeito still cautious

ASAHI (Page 4) (Full)
January 16, 2009

The government and the ruling parties are now in the final stage of coordination to expedite measures against pirates in waters off Somalia. The government plans to send Maritime Self-Defense Force vessels for maritime security operations under the Self-Defense Forces Law. Meanwhile, the Defense Ministry and the New Komeito, the ruling Liberal Democratic Party's coalition partner, remain reluctant about the idea of sending MSDF vessels under the current law. Chief Cabinet Secretary Kawamura and the LDP's defense policy clique are trying to persuade them in response to Prime Minister Aso's direction. In the case of maritime security operations, however, the MSDF will have to act under such constraints as the government-set guidelines to use weapons. There are also arguments calling for creating a new law in order for the government to send MSDF vessels.

The ruling coalition's antipiracy project team met yesterday, and the project team basically concurred there on a government-proposed action plan for maritime security operations with the exception of the guidelines for weapons use. When it comes to the Diet's role, the project team suggested the need for the government to report a masterplan to the Diet after adopting it in a cabinet meeting. The project team is expected to reach a conclusion on Jan. 20.

Aso is the one who is most positive about sending the MSDF. There is something ambiguous about the weapons use guidelines—or the so-called rules of engagement (ROE)—for maritime security operations. Still, he is not concerned about it, saying, "Do you know any mugger who will try to attack someone in the Self-Defense Forces?" He meant to say the presence of an MSDF destroyer is an effective deterrence and it will be possible to avoid using weapons.

The Foreign Ministry shores up Aso. Late last year, China decided to send naval vessels to waters off the Somalia coast. At that time, a senior official of the Foreign Ministry suggested Aso send MSDF vessels at an early date. Aso is scheduled to attend a financial summit in April. Ahead of that event, the Foreign Ministry is exploring an opportunity for Aso to meet with U.S. President-elect Obama for the first time, thereby expecting that Japan can make an appeal on its international contributions.

Meanwhile, the Defense Ministry and the New Komeito remain cautious.

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One senior official of the Defense Ministry raised a question: "Can

we send the MSDF out without the Diet's engagement, without geographical constraints, and even without a time limit?" The Defense Ministry is concerned that a new law may not be enacted and that the MSDF's maritime security operations may continue semipermanently. Another senior official of the Defense Ministry is worried about public opinion, saying someone in the MSDF may be killed or the MSDF may kill a pirate or a civilian. The New Komeito has been cautious about sending the Self-Defense Forces overseas. This time as well, the party will assume a wait-and-see attitude. "We can't say 'yes' unless we work it out in detail," a party executive said.

6) MSDF to convoy ships against pirates: gov't plan

TOKYO SHIMBUN (Page 2) (Full)
January 16, 2009

The government decided yesterday to have Maritime Self-Defense Force destroyers escort Japanese ships against pirates in waters off the eastern African coast of Somalia. In addition, the government has also confirmed that it would report a basic course of action for MSDF activities there to the Diet after adopting it in a cabinet meeting.

The government came up with the antipiracy action plan to the ruling coalition's project team in its meeting yesterday and obtained approval.

Various countries have sent fleets to waters off Somalia for escorting. In addition, their naval vessels have been patrolling specific areas or escorting ships contracted with the United Nations World Food Program (WFP) to transport humanitarian relief supplies.

Meanwhile, the government has forgone engaging the MSDF in other naval activities because there may be ships that cannot be under the MSDF's protection in its maritime security operations to be conducted under the Self-Defense Forces Law. Escorted ships have never been attacked by pirates, and this is also a factor for that decision.

Diet reporting is not legally mandatory, but the government made a report to the Diet when the government issued its first order to the MSDF for maritime security operations. The government took this fact into consideration as well.

7) Gov't in a hurry to study antipiracy measures for shipowners:
Hamada

TOKYO SHIMBUN (Page 2) (Full)
January 16, 2009

Hiroyuki Maekawa, chairman of the Japanese Shipowners' Association (JSA) and president of Kawasaki Kisen Kaisha, Ltd., and other JSA executives called on Defense Minister Yasukazu Hamada yesterday at the Defense Ministry and made a request for measures against pirates in waters off Somalia. "We want the government to do whatever it can under the current law," Maekawa said. He added, "We also want every possible measure taken immediately, including sending Maritime Self-Defense Force vessels."

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"I am well aware of the situation," Hamada said. "But," he added, "we have to work it out the details for sending them, so we're now hurriedly studying measures."

8) MSDF likely to be dispatched to waters off Somalia for anti-piracy operations before new law is enacted

YOMIURI (Page 4) (Abridged slightly)
January 16, 2009

The possibility has become strong that the government will dispatch the Maritime Self-Defense Force to waters off Somalia, Africa, to conduct anti-piracy operations by invoking the Article 82 provision on maritime police operations under the Self-Defense Forces Law.

Although there are still cautious views in the government and the ruling camp regarding weapons-use standards, the government has been pressed for the decision due to strong pressure from the business community that is alarmed about piracy.

There is thinking in the Defense Ministry that problems could be raised, given the many restrictions imposed on maritime police actions.

Defense Minister Yasukazu Hamada yesterday told Japan Ship-owners' Association President Hiroyuki Maekawa, who had visited him at the ministry in order to request escort service by MSDF vessels: "We are well aware of the circumstances, but in order to dispatch (the SDF), various matters must first be finalized."

In the event the maritime police operations clause is invoked, the law governing police performing their duties would be applied to the use of weapons by MSDF members. This would allow them to fire shots at pirates to inflict harm strictly in cases of legitimate self-defense and emergency evacuations.

The ruling bloc's anti-piracy project team held a meeting yesterday in which the Defense Ministry disseminated data noting that it is difficult to make a decision on firing shots to inflict harm in such cases as pirates continuing to approach a commercial vessel, despite warning shots, and when a pirates' attack occurred off in the distance.

Those problems would be resolved with the establishment of a new law. Defense Minister Hamada underlined the need for new legislation during his meeting on Jan. 14 with Chief Cabinet Secretary Takeo Kawamura and Foreign Minister Hirofumi Nakasone.

A Liberal Democratic Party lawmaker also expressed concern, saying: "We can get the Democratic Party of Japan involved in the matter under a new law. But if the dispatch is carried out under existing legislation, the ruling parties might end up bearing the brunt of criticism in the event problems occurred."

China has already dispatched its naval vessels to waters off Somalia, and South Korea is expected to follow suit shortly. A senior Foreign Ministry official expressed frustration with Japan, which has yet to take any action. A senior LDP lawmaker, too, said apprehensively: "If a Japanese vessel is taken over by pirates before the government does anything, the cabinet would collapse." Chances are growing that the MSDF will be dispatched before all questions are resolved.

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9) Government to extend assistance worth 14.1 billion yen to Afghanistan

ASAHI (Page 4) (Full)
January 16, 2009

The government has decided to extend approximately 14.1 billion yen in assistance for the reconstruction of Afghanistan to be used for salaries paid to policemen engaging in activities to secure public order. It also plans to bear the cost of police vehicles. It will work out a specific sum, based on the Afghan government's request. According to the Foreign Ministry, there are about 800,000 policemen in Afghanistan as of April last year. There have been many cases in which the Afghan government fell behind in its payment of salaries to policemen. The Japanese government has decided to extend assistance because Afghanistan needs to reinforce the number of policemen in preparation for the presidential election this year.

10) In symposium, Japan urged to proactively make proposals to Obama administration

TOKYO SHIMBUN (Page 1) (Slightly abridged)
January 16, 2009

Prior to U.S. President-elect Barack Obama taking the oath of office next week to become the President of the United States, the Tokyo

Shimbun (co-sponsored by Toyota Motor Co. and Toshiba Solutions Co.) yesterday held a symposium titled "How the World Will Change under an Obama-led America," inviting experts on Japan-U.S. relations, including Columbia University Prof. Gerald Curtis. The symposium was held at the Japan Business Federation Hall in Chiyoda Ward, Tokyo.

Following a speech by Chunichi Shimbun President Bungo Usui, Curtis delivered a keynote speech, in which he pointed out: "All eyes are now focused on how (the next U.S. president) will negotiate with Congress in order to implement his economic policy." He also stated that rather than be concerned about changes in policy toward Japan by the new U.S. administration, "It is time for Japan to proactively make proposals as part of the international community."

Former Administrative Vice Foreign Minister Shotaro Yachi and Doshisha University Prof. Hama also participated in the panel discussion.

11) Upper House to enter into deliberations on second supplementary budget on January 19, both camps agree

YOMIURI (Page 2) (Full)
January 16, 2009

The chairs of the Upper House Diet affairs committees of the Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) met in the Diet yesterday and agreed to start deliberations in the House of Councilors on the fiscal 2008 second supplementary budget that contains a 2-trillion yen scale fixed-sum cash payment program and to adopt at the same time in the plenary session three related bills. The ruling camp would like to have the budget adopted by the Upper House full session on Jan. 23 and enacted the same day, but objections to this timetable have arisen from the opposition camp.

DPJ Upper House Diet Affairs Committee Chairman Susumu Yanase after the meeting told reporters, "We agreed to adopt the supplementary

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budget bill and the related bills as a set." He indicated that there was a possibility of the bills being passed on the 23rd. However, President Ozawa, Vice President Kan, and Secretary General Hatoyama met in the city last evening and agreed on the view, "We are still not in a situation yet for setting a date for their passage." With the Upper House under the control of the opposition camp, the outlook is for adoption of that camp's bill revising the supplementary budget and a related bill removing from each the cash-handout portion. The bills would then be sent back to the Lower House.

In response, the second supplementary budget bill would be passed as originally written under a provision in Article 60 of the Constitution by joint consultation of the two chambers. The Upper House revision of the related bill would be restored to original by an override vote of two-thirds of the Lower House under a provision in Article 59 of the Constitution.

The ruling parties, once the related bills are disposed of, plan to have four policy speeches by the government in both houses on the 26th, and to then enter into deliberations on fiscal 2009 budget.

12) DPJ to next attack ruling camp on planned consumption tax hike, aiming to lure rebels to their side

NIKKEI (Page 2) (Excerpts)
January 16, 2009

The Democratic Party of Japan (DPJ) yesterday started looking into a plan in which if the government included in a bill related to taxation reform for fiscal 2009 an additional clause authorizing a raise in the consumption tax -- Prime Minister Aso's policy decision -- the party would submit a bill that would remove the clause. Focusing on strong objections in Liberal Democratic Party (LDP) to a consumption tax hike, the DPJ is aiming to encourage more ruling party members to vote against the bill in the House of Representatives and drive the government of Prime Minister Taro Aso into a corner. The DPJ also plans to study the possibility of

submitting a bill amending the government's bill to free up road revenues, given that some LDP members have also criticized them as insufficient.

In a meeting with his LDP counterpart Seiji Suzuki yesterday, Upper House Diet Affairs Committee Chairman Susumu Yanase of the DPJ agreed to start deliberations on the fiscal 2008 second extra budget bill in the House of Councillors on Jan. 19. After the meeting, Suzuki told reporters: "We agreed on a plan to vote the extra budget bill and related bills in a plenary session on the 23rd." Yanase also acknowledged the plan.

But DPJ Diet Affairs Committee Chairman Kenji Yamaoka, after confirming views of senior Upper House members, said that the party would not agree to take a vote. President Ichiro Ozawa met with Deputy President Naoto Kan and Secretary General Yukio Hatoyama in Tokyo last night and told them: "We have not yet reached the stage of taking a vote." Party executive members have decided to shortly discuss the matter again, but a senior member pointed out a lack of communications between members of both houses."

Fearing that a protracted boycott by the DPJ of deliberations on the second supplementary budget could incur public criticism of the party, many party members take the view that taking a vote on the

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23rd would be unavoidable. With regard to a special measures bill on the government's cash handout scheme, as well, the dominant view in the DPJ is that it would be difficult to prevent the bill from being enacted within this fiscal year, seeing only a few number of LDP members voted against it. While continuing to grill the ruling camp over employment and other issues in deliberations on the second extra budget bill in the Upper House, the DPJ will begin to shift the focus of its attack to the fiscal 2009 budget bill.

Chairman Azuma Koshiishi of the DPJ's caucus in the Upper House said in a press conference yesterday: "Confusion has been caused over a consumption tax hike in the LDP." Kan also said that the DPJ and LDP members raising objections to the tax-hike plan "share the view that preparing only a tax hike plan is improper."

13) LDP members against a consumption tax hike

NIKKEI (Page 2) (Full)
January 16, 2009

In the Liberal Democratic Party, various views were voiced yesterday over the question of whether to include the policy of raising the consumption tax in fiscal 2011 in a supplementary provision of a bill related to taxation reform. Some members voiced opposition to the tax-hike policy, fearing its negative effect on the next House of Representatives election, while the leadership tried to calm down the situation by mobilizing senior members of the party's Tax System Research Commission.

Speaking before reporters yesterday, former Secretary General Hidenao Nakagawa, a major opponent to the tax hike policy, renewed his call for changing the policy. He said: "I expect Prime Minister Taro Aso will make a bold decision for the sake of the people. Making the decision is the demonstration of his leadership, and that does not mean showing an inconsistent stance."

In a meeting of the Machimura faction, in which Nakagawa, Nobutaka Machimura and Shuzen Tanigawa serve as representatives, Tanigawa made this remark: "There is no need to write down what we don't have to say. We should prepare ourselves to pretend not to notice matters that would work negatively to our election campaign."

Concerned about growing criticism in the party, the LDP executive called in senior members of the tax panel who were involved in the tax-reform discussion late last year and had Hakuo Yanagisawa, Fukushiro Nukaga and other members participated in sectional meetings to seek understanding of the tax-hike plan from those raising objections to the plan.

Each faction leader also tried to strengthen unity. In a meeting of

his faction, Makoto Koga said: "Our party should play our role unanimously," and Bunmei Ibuki also remarked in a meeting of his party: "The disagreement in opinion between the party and the government must not be shown outside the party."

Meanwhile, Prime Minister Aso told reporters last night: "(The tax-hike policy) has already been approved. That is a conflict in the party but there is no dispute in the Prime Minister's Office."

14) Specifying the timing for increase in consumption tax: Prime minister to try to persuade party members with dissenting views

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YOMIURI (Page 4) (Full)
January 16, 2009

Prime Minister Taro Aso intends to specify in a clause attached to bills related to amendment of the tax code that there will be a hike in the consumption tax in fiscal 2011. However, some Liberal Democratic Party (LDP) members are opposed to the plan. The prime minister himself on January 15 tried to persuade such members.

On the morning of the 15th, he telephoned heavyweights of various factions in the party, including former Chief Cabinet Secretary Nobutaka Machimura, and sought their understanding by explaining his policy. Koki Chuma, chairman of the Aso faction, at the order of Aso visited senior officials of various factions and asked for their cooperation, saying: "The prime minister is firmly resolved. I would appreciate your understanding and cooperation."

The prime minister then called Finance Minister Nakagawa to the Kantei and confirmed his policy of specifying the hike in a clause attached to bills related to amendment of the tax code. He apparently took a preemptive approach, viewing that if many members voice their objections to his policy at plenary meetings of various factions to be held at noon, confusion would grow.

As a result, a situation in which many faction members would voice views opposing his policy was avoided. Masahiko Koumura, chairman of the Koumura faction, expressed his support for the prime minister's policy, saying, "Constraining discussions of the consumption tax issue would not have a good impact on consumption."

Former Secretary General Hidenao Nakagawa at a plenary meeting of the Machimura faction expressed his discontent, saying, "Is the prime minister's policy appropriate under this economic situation?" Machimura underscored immediately after he made that comment, "If the prime minister retracts his policy, people would say that he has changed his stance, producing a negative impact in political terms." Confrontation in the views of two leaders of the Machimura faction thus surfaced.

The Group of Voluntary Lawmakers Who Seek Immediate Realization of Policies joined by mid-ranking and junior lawmakers, including former Chief Cabinet Secretary Yasuhisa Shiozaki, held a meeting on the evening of the 15th. Participants decided to continue to urge the prime minister to reconsider his sales tax hike policy. They also confirmed a policy of proposing to the prime minister such reform proposals as a 40 PERCENT cut in the number of lawmakers. In the meantime, coordination is now under way in the party through the mediation of former Prime Minister Abe and Machimura for adopting more indirect wording to be included in the clause, such as "creating a framework so that the consumption tax can be raised in fiscal 2011 or later."

15) Fiscal System Council urges retraction of cash-handout scheme

ASAHI (Page 5) (Full)
January 16, 2009

Participants in a meeting of the Fiscal System Council, an advisory panel reporting to the finance minister, on January 15 agreed in general outline to call on the government to retract its cash-handout scheme totaling 2 trillion yen which is now under deliberation in the current Diet session. The panel will urge the

ministry to take a second look at the use of the fund. The panel will shortly convey its opinion to Finance Minister Nakagawa. It is unusual for any advisory panel to criticize a policy adopted by the government.

The panel also agreed elect for a third term Taisho Nishimuro to the chairman's position. Participants then discussed the fiscal 2008 second supplementary budget bill and the fiscal 2009 budget bill. Meeting the press after the meeting, Chairman Nishimuro revealed that many panel members criticized the flat-sum cash handout scheme incorporated in the fiscal 2008 supplementary budget. One member noted: "What should be corrected should be corrected. If the government comes up with proposals like this one after another, the state's finances would collapse." Another member said, "It is better to use the fund for something really useful (like stimulating the economy.)"

Nishimuro said: "If Diet deliberations on the budget become stalled, it would have a major impact on the economy. We believe it is necessary for the ruling and opposition parties to pursue substantial discussion on the 2 trillion yen package."

16) Scope column: Kantei confident about drawing curtain on aide's scandal

TOKYO SHIMBUN (Page 2) (Abridged slightly)
January 16, 2009

Allegations against Deputy Chief Cabinet Secretary Yoshitaka Konoike, a close aide to Prime Minister Aso, for having an affair with a woman hit the Aso administration directly yesterday. Konoike, however, denied a weekly magazine article that he allegedly let his female friend stay at his lodging in the parliamentarians' compound. He also turned down a demand from the opposition that he quit his current post as deputy chief cabinet secretary. Although the Prime Minister's Official Residence (Kantei) appears to be confident about bringing the curtain down on the alleged scandal, there exists the possibility that Konoike may have to consider whether he should resign or stay on, depending on how the media and the opposition camp pursue him.

Last night, Konoike insisted on his innocence to reporters at the Kantei, saying: "The (woman) is a friend of mine and I know her husband, as well. I swear that I haven't an affair with her. I have no intention (to resign)."

Prior to this, Chief Cabinet Secretary Takeo Kawamura got an account of Konoike's story. Kawamura then gave him a strong warning, saying: "It is inappropriate for a person holding a cabinet post to be misunderstood." The chief cabinet secretary, however, agreed that Konoike would remain in his current post, saying: "I would like you to fulfill your official duty without letting down your guard."

Prime Minister Aso was desperately trying to put a cap on the issue last night. He told reporters: "There is no problem when a person visits the parliamentarians' compound."

The Kantei side initially had the view that the issue would not result in calls for Konoike to step down from his post, according to a person close to Aso. Konoike was at first reluctant to comment on the allegations. However, dissatisfaction grew in the New Komeito, which is sensitive about sex scandals, with Deputy Chief

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Representative Toshiko Hamayotsu saying: "He needs to give a clear account." Kawamura then worked hard to persuade Konoike. A high government official sighed as he said: "It's good he could clearly account for it. He did not leak national secrets. This was a personal issue."

Meanwhile, Yukio Hatoyama, secretary general of the main opposition Democratic Party of Japan (DPJ), on Jan. 14 demanded that Konoike

quit his post. However, next day, views implying a wait-and-see approach were presented in succession from the opposition parties, with DPJ Upper House Chairman Azuma Koshiishi saying: "There is no need to make a comment."

However, some members in the ruling camp are concerned that if follow-up articles come up, there will be nothing we can do." A senior opposition member pointed out: "We might bring it up in the Diet." The scandal will not go away just like that.

ZUMWALT